

## Message Text

UNCLASSIFIED

PAGE 01 MANILA 10017 151026Z  
ACTION TRSE-00

INFO OCT-01 EA-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08  
FRB-01 INR-10 NSAE-00 ICA-20 XMB-04 OPIC-06 SP-02  
LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07 CEA-01  
L-03 H-02 PA-02 IO-14 /124 W  
-----070842 160412Z /20

R 150916Z JUN 78  
FM AMEMBASSY MANILA  
TO SECSTATE WASHDC 7179  
INFO AMEMBASSY JAKARTA

UNCLAS MANILA 10017

USADB

FOR NAC AGENCIES

EO 11652:N/A  
TAGS:EAID, EFIN, ADB  
SUBJECT: ADB BOARD ACTION ON PROPOSED LOAN FOR SECOND  
POWER DISTRIBUTION PROJECT - INDONESIA

REF: (A) MANILA 9361, (B) TREASURY 78-85

1. IN ITS REGULAR MEETING JUNE 15, THE BOARD OF DIRECTORS  
OF THE ADB APPROVED THE PROPOSED LOAN FOR THE SECOND POWER  
DISTRIBUTION PROJECT FOR INDONESIA.

2. THREE MAJOR ISSUES WERE RAISED BY DIRECTORS DURING THE  
DISCUSSION THAT ENSUED:

- RATIONALIZING TARIFFS, MANAGEMENT NOTED THAT THE BANK  
ALONG WITH IBRD AND IDB ARE SCHEDULED TO EXCHANGE DRAFT  
POLICY PAPERS ON THIS MATTER SHORTLY AND TO DISCUSS THE  
ISSUES AT STAFF LEVELS. COORDINATION BETWEEN IBRD AND  
ADB WAS MENTIONED TO BE A MATTER OF SOME IMPORTANCE,  
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PARTICULARLY AS BOTH BANKS PURSUE ELECTRIFICATION PROJECTS  
IN THE SAME COUNTRIES.

- REDUCING ENERGY LOSSES: THERE WAS A CONSENSUS THAT  
ENERGY LOSSES UPWARD OF 25 PERCENT WERE INTOLERABLY HIGH  
WHILE MANAGEMENT AGREED WITH THE ASSESSMENT IT BELIEVE THAT INDONESIA'S

FRAGMENTED GENERATION INFRASTRUCTURE WAS  
A MAJOR CAUSE OF THIS AND THAT ONLY AS LONG TERM  
DEVELOPMENT PLANS WERE IMPLEMENTED WOULD THE SITUATION  
IMPROVE.

- THAT DIRECT BENEFITS TO BENEFICIARIES NEED TO BE  
IDENTIFIED. WHILE IT WAS MENTIONED THAT ESTIMATING SUCH  
BENEFITS IS DIFFICULT, THE POINT WAS MADE THAT THE BANK  
SHOULD PURSUE ACTIONS THULD PROVIDE ILJWITH THE  
APPROPRIATE METHODOLOGY FOR QUANTIFYING SUCH BENEFITS.  
WESTCOTT

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DEVELOPMENT LOANS, ELECTRIC POWER, RURAL AREAS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 15 jun 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978MANILA10017  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780366-0255  
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**Office:** ACTION TRSE  
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**Original Handling Restrictions:** n/a  
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**Original Previous Handling Restrictions:** n/a  
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**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 MANILA 9361  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
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**Review Event:**  
**Review Exemptions:** n/a  
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**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2330890  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ADB BOARD ACTION ON PROPOSED LOAN FOR SECOND POWER DISTRIBUTION PROJECT - INDONESIA  
**TAGS:** EAID, EFIN, ADB  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/db39e287-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014